GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1034
ANSWERED ON:23.11.2001
CREATION OF A SEPARATE PENSION FUND
JAYASHREE BANERJEE

Will the Minister of FINANCE be pleased to state:

(a) whether increasing burden of pension payments is putting unnecessary pressure on Government Exchequer;

(b) if so, whether creation of a separate fund for pension payments is proposed;

(c) whether better information technology tools and modern techniques would be adopted for making an evaluation of pension payments; and

(d) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL):

(a) and (b) Government of India had constituted a Working Group on `Assessment of Government of India`s Pensionary Liability`. The terms of reference of the Working Group included estimation of likely expenditure on the pension of Government employees in the short/medium term. The Working Group has submitted its report in June, 2001. In terms of the WorkingGroup report, the total budgeted pension liability of the Government of India for 2000-2001 wouid constitute 0.96% of GDP. Similarly, pension expenditure expressed as a percentage of tax revenue of the Centre stood at 14.6% of the net tax revenues accruing to the CentralGovernment during 2000-01.The Department of Pension and Pensioners` Welfare has set up aHigh Level Expert Group to provide a road map for introducing a new pension system for Central Government employees entering service after October 1, 2001, based on defined contribution. The group is deliberating on the issue and is expected to submit its report by the end of December, 2001.

(c) and (d) The Working Group has emphasised that scientific methods of forecasting pension liabilities including actuarial methods would be required in order to have reliable pension estimates.